ASPIRE ™
Living Impact

INDIA: AN IMPACT STARTUP NATION

2020 SURVEY & RESEARCH REPORT
JANUARY 2021

About Aspire Impact

Aspire is founded by Amit Bhatia and focuses on impact leadership and ecosystem development through its three initiatives - Aspire Impact for Impact ecosystems, Aspire Education for leadership education, and, Aspire Circle for social leadership. Established in 2007, Aspire is based in Gurugram, India.

About Impact Hub

Impact Hub is a global network focused on building communities for impact at scale. With over 100 communities of 16,500 change-driven entrepreneurs in more than 60 countries across five continents, Impact Hub is one of the world's largest communities and accelerators for positive change.

Impact Hub builds ecosystems to drive collaboration and entrepreneurial innovation around the UN's Sustainable Development Goals (SDGs) through locally rooted Impact Hubs, as well as with partners and allied networks.

INDIA: AN IMPACT STARTUP NATION

Ideas to catalyze Impact Incubation & Acceleration in India

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Research & Publication by

ASPIRE IMPACT

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OUR **STORY**

Amit Bhatia
Founder & CEO
Aspire Impact &
Aspire Circle

Dear Readers,

This report is a small step in achieving a giant goal - transforming India into an Impact startup nation. To this end, we are delighted to publish our first Impact-focused Incubator & Accelerator survey and research.

In the middle of the pandemic, it was clear to us that an enduring change is upon us and that the Impact Movement must be catalyzed for the recovery of the planet and its people. We envisioned Aspire Impact as a social enterprise, focused on impact leadership and ecosystem development. Having served as the Founding CEO of India's Impact Investors Council (2014-2017) and as the Inaugural CEO of The Global Steering Group for Impact Investment (2017-2020), I was well aware of the ecosystem gaps and opportunities. We decided on a bold focus on four areas: **Corporate Impact Assessment, Executive Education & Training, Impact Future Project, and Impact Startup Support.**

For Impact Startup Support in India, we are excited to partner with Impact Hub, the world leader in Impact Incubation & Acceleration. Impact Hub now has a 20-year history, with roots in a London millennial event in 2000; community building born in Soweto, South Africa in 2002; and the first Impact Hub in London in 2005. Today, their global network has expanded to 60 countries, with a proven model, supporting more than 6,400 impact startups. With India at an inflexion point post-Covid, this is an opportune moment to bring their network to India and catalyze the impact incubation and acceleration sector.

When I started my career 30 years ago, in 1991, there was no Internet or mobile phones; personal computers with CRT monitors had just arrived in India. Our present, of interconnected mobile devices with real-time connectivity, was thought to be science fiction. In 1991, General Motors, Ford Motors, Exxon Mobil, IBM and General Electric were the top-5 companies on the Fortune 500 list. In the Tech Revolution that followed, Amazon, Apple, Microsoft, Intel, Alibaba, Facebook, Alphabet, and other tech firms were born, and they rule capitalism today. Right here, right now, another phenomenon is taking place – The Impact Revolution. I left my corporate job in 2007 to participate in this movement. The Impact movement has gone from near zero in 2000 to investments worth USD 30 trillion across Responsible, Sustainable and Impact Investments in 2018. We are on the path to creating impact economies of the future, dominated by new, impact enterprises.

Together, let us create an impact ecosystem that will give Indian startups a chance to be the impact unicorns of tomorrow.

OUR **PARTNER**

Gabriela Gandel
Global Executive
Director, Impact Hub

Dear Readers,

Every year, Impact Hub delivers over 450 incubation, acceleration and scaling programs alongside partners from the public, private and civil society sectors to support impact-driven entrepreneurs. We also often connect with other impact ecosystems in order to learn, exchange ideas and practices and collaborate for impact at scale in the transition to a new economy. We are very glad to now partner with Aspire Impact in order to connect with the Indian ecosystem, bringing our community and experience but also learning from the positive change that is already happening locally.

Partnering with Aspire Impact, we will focus on supporting and developing the role of incubators and accelerators in the Indian ecosystem. We will bring our knowledge, tools, and business support services to the more than 1,000 incubators, accelerators, and shared offices in the country in a new offering curated with Aspire Impact called Impact StartUp Support. This **Community Partnership** offers services for social entrepreneurs, fosters knowledge exchange, and connects communities, opening up new target audiences and opportunities. You can read more about it **here.**

This is a crucial time to foster unprecedented cross-sector collaboration and to deepen our capacity to support impact-driven enterprises to scale. All these efforts will address the biggest challenges we are facing and rebuild our economies and societies into a true Impact Economy.

100+
communities

450+
programs run
in 2019

**16500+**
members

60+
countries

190+ were collaborative innovation programs focused on the Sustainable Development Goals (SDGs) and ecosystem development

EXECUTIVE SUMMARY AND KEY INSIGHTS

The objective of our inaugural study on Impact Incubation & Acceleration in India was to gain insights into the opportunities and challenges for key actors involved in this entrepreneurial pursuit and provide recommendations that can catalyze and shape the future of impact enterprise support in India.

Survey respondents

- 87% of the 54 survey respondents focus on environmental or social impact
- Over 70% operate on a lean set-up with staff less than 10 and a budget less than USD 500,000
- Their current program design mainly focuses on helping enterprises gain market traction as the top priority, along with driving economic growth and job creation.
- The median portfolio size is between 15 and 20.
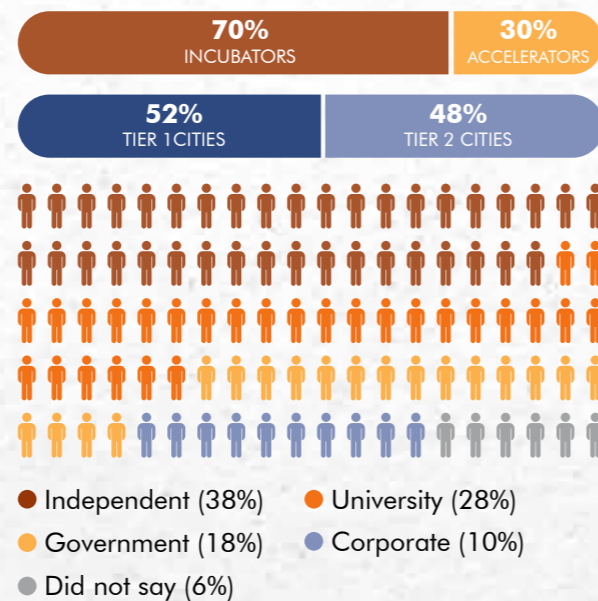
Organizations supported

- With an average age of 2-3 years, over 60% of the enterprises supported typically fall in the Idea, Startup or Early lifecycle stages and have revenues have less than USD 50,000
- Approximately 30% of the startups supported by these organizations have a social and/or environmental impact focus. Top sectors include food & agriculture, clean energy, livelihoods and job creation, and affordable healthcare.
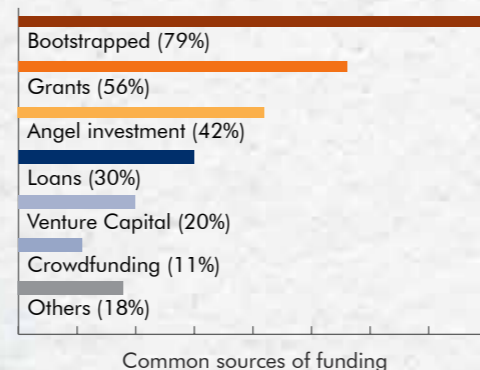
Key Insights

- Overall, while the impact incubation and acceleration sector has expanded and widened in the past few years, it has not matured or deepened.
- The challenges and gaps noted by previous studies remain under-addressed and require urgent attention.
- Post-Covid, while the number of impact focused startups is expected to increase, the majority of respondents felt that 40%-60% of startups could perish without additional support, due to the challenging environment.
- The top-three areas where incubator and accelerator organizations would like to improve their offering are:
  - Access to investors
  - Access to markets
  - Impact measurement support

70% INCUBATORS   **30% ACCELERATORS**

52% TIER 1 CITIES   **48% TIER 2 CITIES**

- Independent (38%)
- University (28%)
- Government (18%)
- Corporate (10%)
- Did not say (6%)

Bootstrapped (79%)
Grants (56%)
Angel investment (42%)
Loans (30%)
Venture Capital (20%)
Crowdfunding (11%)
Others (18%)

Common sources of funding

- Grant support available to enterprises has increased in the last few years and is now as equal a funding source as equity.
- 46% of survey respondents felt that a globally accepted impact measurement framework tailored to India's ecosystem is urgently required. Aspire Impact has launched an impact assessment service, including free benchmarking, in response to this need.
- From a policy perspective, around 34% of survey respondents said that policies such as the Foreign Contribution Regulation Act (FCRA) and certain state regulations should be amended to help them better achieve their business objectives.
- Respondents expressed the strong need for an enhanced role by the private sector: mentorship, leadership development, technological inputs, R&D support, and market knowledge from the private sector are as important to startups as access to funds.

Key challenges

Our respondents also identified the key hurdles in the sector. The primary challenges as noted from our conversations include:

- The strong focus on filling seats at Incubators due to current funding norms, comes at the cost of quality and specialization
- Key elements such as training, mentoring and access to investors are rare or entirely missing from many incubation programs.
- Policy change is required as sector-agnostic incubation without a clear USP has not worked anywhere in the world.
- There is a lack of structured programs for incubation and acceleration.
- Lack of performance measurement: No standard benchmarks /metrics are used to measure an incubator's success.
- Government-funded incubators have low to no accountability in reporting on their performance vis-à-vis market standards.
- Incubators and Accelerators have a dearth of talent.
- The program design of most incubators tends to be more buzzword driven than being idea driven, due to an inadequate understanding and/or lack of ability to leverage the unique strengths of their local ecosystem.

Our findings from this research identify **critical gaps which call for action**. Our eight recommendations that follow can unleash and catalyze the potential of Impact Incubation & Acceleration in India while addressing these gaps.

OUR RECOMMENDATIONS

We have distilled **eight recommendations** based on our research, that has shaped this report, that will bolster the incubator & accelerator support ecosystem and propel India into an Impact Startup Nation.

1. **DESIGN HOLISTIC PROGRAMS FOR SUCCESSFUL IMPACT ENTREPRENEURSHIP.**
   - Develop an early-stage holistic program which in addition to other components of incubation and acceleration, also helps enhance collaborative culture, reduce fatigue, and improve the wellbeing of the founding team and staff

2. **ESTABLISH PEER-TO-PEER LEARNING NETWORKS AS GAME-CHANGERS.**
   - Peers in the impact ecosystem need to collaborate and create a bigger ecosystem to share learnings, knowledge and resources.
   - To increase the efficacy of these programs, important to focus on building the capacity of the incubation managers

3. **CATALYZE EARLY-STAGE IMPACT INVESTMENTS.**
   - Strengthen investor confidence by building investment readiness in portfolio
   - Establish enduring relationships with angel, seed and other impact investors
   - Develop new financing mechanisms like blended finance and impact bonds

4. **PRIORITIZE THE GENDER LENS IN IMPACT ENTREPRENEURSHIP AND INVESTMENT.**
   - Custom-build capacity-building and mentoring for women-led enterprises
   - Increase access to women-focused angel investors and networking platforms
   - Build awareness and knowledge on women-focused financing models.

5. **STREAMLINE PERFORMANCE, IMPACT MEASUREMENT AND REPORTING**
   - Establish a common set of metrics to measure the performance and impact of incubators and accelerators to benchmark performance across categories
   - Build awareness on IMM (impact measuring and management) and Impact Assessments amongst startups and the imminent era of Impact Accounting.

6. **DRIVE INNOVATION ACROSS SECTORS TO FOCUS ON AND ACHIEVE THE UN SUSTAINABLE DEVELOPMENT GOALS (SDGS)**
   - Innovate sector-focused programs, delivery models and pace of technology adoption to impact SDGs, especially across fintech, edtech, agritech, healthtech and cleantech
   - Establish thematic clusters or communities of practice for shared knowledge.

7. **LEVERAGE CORPORATE PARTNERSHIPS**
   - Innovate corporate partnerships to better understand opportunities and leverage mentorship and supply chain support
   - Validate aspirational ideas at a smaller scale in the real world

8. **PARTNER GOVERNMENT FOR SCALE AND SUPPORT**
   - Build a platform for awareness on all government support available to incubators, accelerators and startups, perhaps at Atal Innovation Mission
   - Review FCRA to ease philanthropic startup grants and technical assistance.

HIGHLIGHTS FROM ECOSYSTEM STUDIES AND SURVEYS

There have been very few attempts to map the Impact Incubation & Acceleration sector in India. Research on business and technology incubation has been more common. To gather comprehensive evidence on the larger incubator & accelerator ecosystem in India, we have referred to a few other recent reports from NASSCOM, TIE-Delhi and ANDE. Here are the highlights for comparison:

I. START-UP CATALYSTS – INCUBATORS & ACCELERATORS, NASSCOM (2020)
- 520+ incubators & accelerators in India with 42% set up in the last five years due to policy support (Academic 67%, Corporate 9%, Govt.13%, Private 11%); Incubators & Accelerators expected to grow to 630 by 2025
- 63% of programs active outside Tier1 cities
- Of the 526 programs, 83% are Incubators of which 97% are sector-agnostic
- Only 7 of the 100 most-funded startups in India (excluding unicorns) graduated from a program, none from an equity-led Indian program
- Only 12% of all seed-funded startups in 2018 and 2019 graduated from a program
- Startup concerns: Lack of visible differentiation and lack of track-record
- Investor concerns: Low or no differentiation; absence of skilled operators; and low visible value addition
- Expected challenges: Inability to admit or engage mentors; inability to attract high quality startups; and absence of a common platform for programs

II. REPORT ON POST-COVID ASSESSMENT OF THE INDIAN START-UP ECOSYSTEM, TIE- DELHI (OCTOBER 2020)
- Impact of Covid-19: 15% of startups halting operations and 44% with a cash runway of less than 6 months
- Status in September 2020: Few sectors like Edtech, Online Fitness, Online Teleconsultations have grown with significant tailwind. Most startup segments recovered to pre-Covid levels
- Indian ecosystem to expand significantly by 2025 to more than 60,000 startups (40,000 in 2020)

III. LANDSCAPE STUDY OF ACCELERATORS AND INCUBATORS IN INDIA, ANDE (DECEMBER 2017)
- 60 respondents: University – 32%, Independent -22% , Govt – 15%, Corporate – 10%, Did not indicate – 23%
- Top Impact Sectors: Sustainable energy, access to energy and fuel efficiency
- Presence in India: Tier 1 cities – 41%, Tier 2 – 14% and International - 5%
- Top services: Mentoring; networking; investor connections (corporate and independent programs); training; lab space and workspace (university programs)
- Funding: No dependence on equity returns (seed fund accelerator model is challenging in India); CSR funding could be an important source of leveraging corporate partnerships

DESIGN HOLISTIC PROGRAMS FOR SUCCESSFUL IMPACT ENTREPRENEURSHIP

A structured, balanced and effective curriculum that engages and prepares the founding team to face the realities of entrepreneurship has a direct correlation with improved startup and incubator/accelerator performance.

A holistic program would address large gaps in the current approach, namely a collaborative culture and a focus on inner wellbeing.

> **Culture** sets the tone for how a startup interacts with its customers, suppliers and stakeholders, and how employees interact with each other. Poorinternal communication, micromanagement, short-term vision and unfriendly competition in the office are hallmarks of a workplace culture that **tends to kill a startup before it has a chance to succeed.**

> Entrepreneurs, mainly those between the idea to early stages of a venture, need to develop **strong inner wellbeing** to ensure that they can cope with the ups and downs of this journey. A UCSF study from 2015 found that entrepreneurs may already be prone to mental health conditions.

Call to Action

An incubation and acceleration program needs to develop a holistic approach as a key differentiator.

A recent article in Harvard Business Review highlights the experience of introducing the world's first comprehensive program to address mental health among entrepreneurs at the MIT Delta v Accelerator.They found that 34% of participants who had established a meditation or mindfulness practice were more confident in their communications with others and over 40% were more aware of their emotions, both key attributes to being an effective leader.

The key components of a holistic, successful program include:

> Access to investors and pitch sessions

> Access to markets for traction through connections with corporations for greater reach

> Access to domestic and international alumni and peer networks

> Access to multi-stakeholder mentors from business, entrepreneurship and academia

> Leadership development and coaching to build the right team culture

> Wellbeing programs to support founders through the struggles of a startup

> Strong training covering a wide range of business topics including strategy, marketing, human resources, accounting, legal aspects and fundraising

> Business plan development, performance metrics and shared administrative support

> Shared space for co-working and laboratory research

❝Focus on business acumen and fundamentals is very important in an incubation program, but equally important are the simple aspects of listening, empathy and supporting them through the journey of entrepreneurship.❞

Erik Azulay,
ACIR Foundation,
Nexus Incubator

GLOBAL SPOTLIGHT

Data Gathering and Knowledge Codification - **A holistic approach to programming**

When developing programs, it is key to assess and address entrepreneurial support needs on a holistic level. We have gathered substantial data from over 55 countries on all five continents on what entrepreneurs really need across their venture life cycle. While developing programs like **MedUp!** which aims at promoting social entrepreneurship in Morocco, Tunisia, Jordan, Egypt, OPT and Lebanon, we used our codified knowledge to train 60 organizations on how to run social entrepreneurship programs to support the development of the local ecosystem.

We have also co-published the **'Wellbeing Inspire Welldoing'**, research on how changemakers' inner wellbeing influences social change and are co-leading the project's ecosystem network development to support capacity building."

ESTABLISH PEER-TO-PEER LEARNING NETWORKS AS GAME-CHANGERS

Most incubators and accelerators in India operate with a lean team and a small budget. They can supplement these resources by engaging with peer-to-peer networks to unlock benefits such as mentoring, training, experience sharing, market linkages and investor access.

To take our country's startup support system to the next level, organizations must heed to key recommendations below.

Call to Action

Establish or join a peer-to-peer network

Creating a network where incubators and accelerators can come together to share/exchange best practices will enable them to:

> Leverage each other's unique perspectives and build an entrepreneurial ecosystem that increases support for entrepreneurship rather than creating a competitive environment.

> Build a common network of mentors, across sectors, with expertise to be shared along the network.

> Share the pipeline mapping startups to program strengths and/or focus areas.

> Standardise and benchmark performance, impact measurement across incubators and accelerators.

> Organize learning and networking across different hubs domestically and internationally.
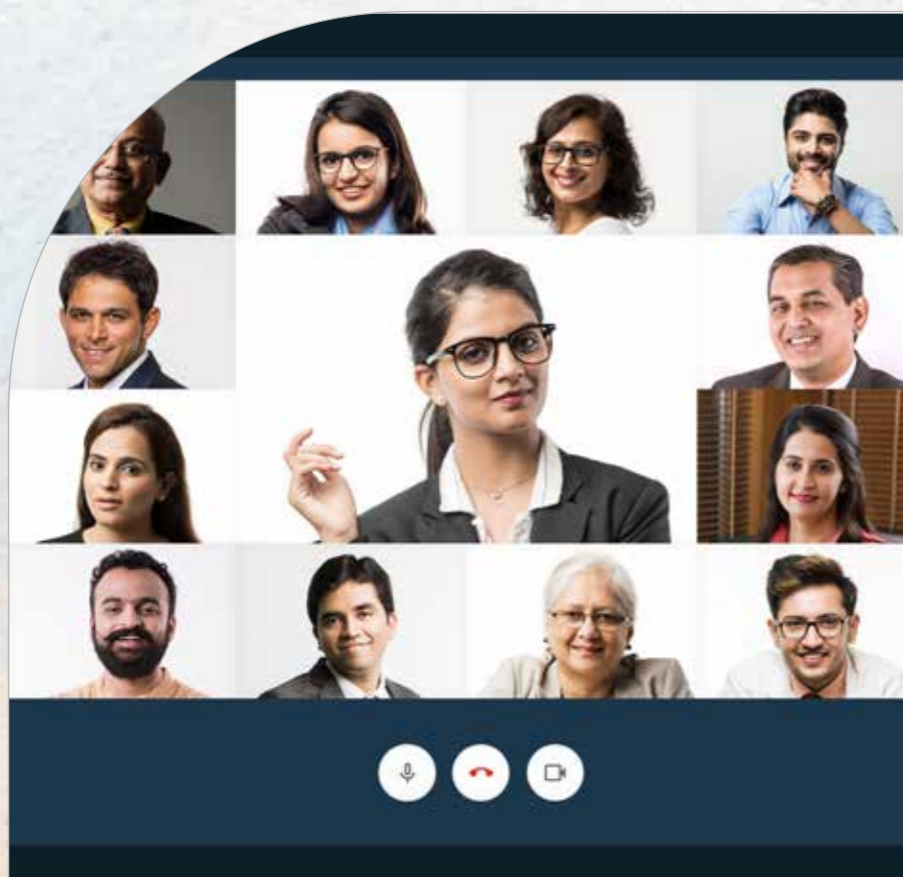
UK's Incubator and Accelerator Network connects over 30 universities, corporate, commercial and non-profit incubators. The program allows members to share ideas, resources, practical insights, and learn from the range of their incubation models.

Through the INVENT program launched by Technology Development Board and UK's DFID, Villgro helped four government-affiliated incubators to build capacity to support social enterprises in low-income states. By the end of 2019, enterprises incubated increased from 4 to 161, and USD 1.4Bn follow on funding was raised by 72 startups.

A few attempts at knowledge-sharing events in the past by several platforms had lacklustre participation. This can be remedied by ensuring that the events add value at all levels, including driving a certain part of the programs and agenda by funders, mandating participation.

Develop incubation managers' capabilities

Focus on building the capacity of incubation managers with a special focus on tier-2 cities, university and government-affiliated incubators and accelerators.

The training may include:

> Virtual, Interactive curriculum on navigating the startup ecosystem

> Building and managing a startup portfolio.

> Thematic, curated discussions on sector-specific updates

> Online database of case studies

> Global peer learning sessions.

> **The incubators and accelerators in the ecosystem need to talk to each other more, share resources including pipeline and exchange technical expertise. This will largely benefit us in fixing inefficiencies in the system, sharing best practices and also building on our specialty focus across programs**
>
> **Dr. Puran Singh,**
> IIT Mandi Catalyst

GLOBAL SPOTLIGHT

COVID-19 Social Entrepreneurship Response Alliance & OECD Better Entrepreneurship Tool - **Sector collaboration for speedy and sustainable economic recovery**.

Peer-to-Peer networks play a vital role in our ecosystem. It starts with our 100+ Impact Hubs running programs together to effectively support social entrepreneurs and sharing insights and best practises to improve our offering as a whole. But for us, collaboration also means to connect across the sector in order to increase the visibility of our sector as a whole.

By being part of larger efforts like the OECD Better Entrepreneurship Tool or the COVID-19 Social Entrepreneurship Response Alliance, we are spearheading the developments of greater levels of collaboration amongst all sector players, which are vital to a speedy and sustainable economic recovery and social entrepreneur support.

CATALYZE EARLY-STAGE IMPACT INVESTMENTS

Impact Investments offer a collaborative collective framework to juxtapose profit and purpose, engaging governments, investors, entrepreneurs and civil society to work together on innovative approaches for some of the most pressing problems. Incubators and Accelerators must invest to improve the connect between startups and potential investors and investor confidence in their programs. A program's effectiveness is highly dependent on the investor community's point of view.

Call to Action

Build investment readiness and strengthen investor confidence

> For sector-specialist programs, collaborate with investors to identify and incorporate key criteria for programs to consider when selecting cohorts

> Develop specific programs that add more value to startups from an investment perspective. For example, engaging with entrepreneurs on corporate governance strategies or setting up MIS and accounting systems are all required in an Investment Due Diligence, leading to faster and smoother transaction processes

> Educate and support portfolio companies on different types of financing mechanisms including debt, equity, grant, quasi-debt, thus strengthening their ability to choose well

Social Impact Incentive
SIINC is a funding instrument that rewards high-impact enterprises with time-limited premium payment for achieving social impact. SIINC was co-created by SDC and Roots of Impact, and has been implemented in a few projects across Latin America

> Develop understanding of investment criteria across different financing mechanisms and sectors in order to measure portfolio enterprises on investment readiness

Establish enduring bridges with angel, seed financing, and other impact investing channels

Incubators and accelerators must consider appointing an Investor Relations executive or leverage existing networks such as city-based Angel Circles, IAN (India Angel Network), IIC (Impact Investors Council), IVCA (India Private Equity and Venture Capital Association) or Aspire-Impact Hub to attract high-quality investors. With the number of programs on the rise in India, it is important to deploy creative ways of showcasing the portfolio and establishing post-program support.

Be at the forefront of new financing models

Sectors like Healthcare, Energy, Education, and Water, Sanitation and Hygiene (WASH) have been developing alternative funding models to finance impact at scale. Specifically, innovative blended finance models such as Development Impact Bonds (DIB), Social Impact Incentives (SIINC) and First Loss Guarantees have been gaining favour. Incubators and accelerators can support their high-impact enterprises to work with the government or a donor to unlock the potential of blended finance.

> **Effective incubation can be a resource intensive exercise. The Investor community needs to recognize the efforts of incubators, and be willing to work with them in building a viable pipeline. There is also value in recognizing the business value of impact and making it integral to incubation and investment.**

Mr. Srinivasan Ramanujam,
Villgro

GLOBAL SPOTLIGHT

Investment Ready Program - Creating Scalable Solutions to Societal Problems

At Impact Hub, our goal is to make impact ventures ready for investment, growth and global impact as social entrepreneurs are still experiencing significantly less access to funding opportunities than conventional startups. The Investment Ready Program is a unique peer-learning program that consists of program days and individual support, leading up to an investor forum, supported by mentors, speakers, content experts and powerful business tools.

Participants engage in a systematic review of their business strategy, model and team, before crafting a validated growth and investment plan. In 5 editions, we sourced over 200 relevant solutions which raised over 8.6 million Euros whilst building an ever-expanding network of senior mentors, trainers and impact investors.

PRIORITIZE GENDER EQUALITY IN IMPACT ENTREPRENEURSHIP AND INVESTMENT

India's growth story and economic inclusion of women should be consciously aligned. In 2018, a McKinsey[1] report suggested that India could add over **USD770 billion to its GDP by 2025 by ensuring equal opportunities for women.** Prioritizing this is crucial to India's equitable development as women's employment and entrepreneurship have proven to have **outsized social returns,** as women invest most of their earnings on their children's education and health.

On the private funding side, in 2019, only 6.5%[2] of funding raised among the top-150 funded startups in India went to women-founded/co-founded organizations. While India has almost 16 million women-owned enterprises[3], their ability to scale is stunted. Women entrepreneurs face both social and economic barriers. There is a strong need to understand these barriers and implement tailored interventions to address them.

> SonderConnect, a network dedicated to women founders has supported 70+ through their mentoring program and also helps with raising funds.
>
> Niti Aayog's Women Entrepreneurship Platform (WEP) is a platform to support women entrepreneurs from idea to scale-up stages, including funding partners across stages.

Call to Action

Changing mindsets

Developing an effective incubation and acceleration program to support women entrepreneurs requires a dual lens: local + global. Depending on a woman entrepreneur's background and scale of operations (micro/home-business/startup), she requires stronger support in changing mind-sets about her potential to lead and scale her business. In addition to sector-specific course materials and guides, it is also important to connect women to local (contextual)

Sources

1. The Power of Parity: Advancing women's equality in India, 2018

2. Venture Intelligence, 2019

3. Women entrepreneurship in India, Google and Bain & Co., 2019

role models who can play a key role in nurturing their potential, and addressing the social mindset and barriers that they face.

Stronger access to angel investing and networking channels

India has seen a major rise in women executives at senior evels of large companies including banks and financial institutions. These executives can play a massive role in providing women entrepreneurs the tools they need to succeed, including access to capital, information, education and markets. While we have organizations like CII's Indian Women Network (IWN), which has a specific focus on learning and development, health and wellbeing, the startup ecosystem needs a platform to connect these executives to early-stage women-owned startups.

Targeted financing

Globally, there is a surge in financing models catering to women entrepreneurs (mainly micro and rural). For example, many livelihood impact bonds for women by IIX, SIDBI and IFC provide rural women entrepreneurs access to finance (the missing middle) with favourable loan terms/interest rates. Products targeted to early-stage women-owned startups such as collateral-free loans, and special initiatives by banks to reach out to women startups via incubator and accelerator programs are urgently needed.

> **66** To scale women entrepreneurship, we must first understand that women entrepreneurs is not one homogenous group of people trying to do business. It is imperative that we understand the needs, requirements, support mechanisms of each entrepreneur to create a truly effective program. There are multiple programs being executed by many wonderful ecosystem leaders. However for the program to be outcome-driven, it is important that the incubator programs collaborate with others which operate with a specialization in women entrepreneurship. The second key is to keep the barrier to entry into such programs high so that we create the next generation of high potential women entrepreneurs **99**
>
> **Deepthi Ravula,**
> WeHub

GLOBAL SPOTLIGHT

IMPACT HUB

Accelerators as Drivers of Gender Equality - A gender lens guide to accelerators' processes and measurement

More than half of Impact Hub's global community are women. We delivered women entrepreneur-focused acceleration programs in five regions of the globe and did ecosystem mapping and research alongside partners. Together with partners, we have now published these insights to support accelerators, incubators, mentorship networks, and other intermediaries in making their programs more accessible to women entrepreneurs.

STREAMLINE PERFORMANCE, IMPACT MEASUREMENT AND REPORTING

Performance measurement is critical for timely assessment of the success of an incubator or accelerator and their startups. Incubation and acceleration programs in India need to **measure their effectiveness and performance in a time-bound fashion with the willingness to call out their own failures as a community.** While government funding does mandate a few metrics for tracking, the key performance indicators recorded vary greatly, and different programs use different methods. There is a lack of standard, transparent and comparable methods across corporate, government, university and independent programs.

Also, in this new era of capitalism, companies large and small across the world are now starting to measure their impact and environment, social and governance (ESG) footprint. It has now **become indispensable to measure and improve impact,** to amplify brand voice and build stakeholder loyalty. As more and more enterprise support programs start to support impact enterprises, it is critical that they develop a knowledge base in this area.

Call to Action

> Develop a set of industry standard metrics that incubators and accelerators can refer to and report on, to assess their own impact and performance against that of the industry

> Build a repository of sector-specific impact

Aspire Impact's proprietary Impact Assessment framework enables companies and start-ups to evaluate and chart their impact journeys. Aspire also provides a free online, impact benchmarking survey and a quick diagnostic tool for start-ups across sectors and lifecycle before they undertake a detailed impact assessment. For example, Ather Energy, a pioneering electric 2-wheeler manufacturer, uses Aspire for its "robust methodology" and "independent assessment".

measurement metrics that impact investors look for, across several stages of a startup lifecycle

> Share case-studies and examples of their own impact and performance measurement practices publicly

Key benefits of Impact measurement and management

> Inspire internal and external stakeholders with the startup's story on sustainability and its impact

> Articulate, ring-fence and protect the company's core vision and mission's intersection with impact

> Train executives and staff in Impact Science to lead the company with impact-led partnerships and collaborations for strategic growth

> **Getting incubators and accelerators in India to imbibe robust impact measurement and management practices has been a major challenge, mainly attributed to lack of resources and knowledge. We at ANDE had conducted a global initiative to collect data and report on impact of accelerators and incubators, India had one of the lowest numbers of sign-ups to this initiative. Investment in IMM is needed, specifically from a personnel standpoint and is something funders should actively look to support. It is nearly impossible to build a thriving impact entrepreneurship ecosystem without building a culture of solid impact measurement practices within the startups from the start.**

Sucharita Kamath,
ANDE

GLOBAL SPOTLIGHT

Global impact report - Annual Surveys that Showcase our Impact

We have focused on impact measurement for more than 7 years, covering the largest and most diverse sample of impact entrepreneurs to date. Thus, we have been able to share valuable insights, data analysis and findings from our legacy of building communities for impact around the globe and measuring that impact including a **five-year study on entrepreneurial support needs** as well as clear performance measurement across our 450+ annual programs to continuously streamline and improve our offerings to serve our community best.

Last year alone, our members created close to 5,000 new jobs, 67% achieved double-digit revenue growth and 250 Million USD investment were raised by members of the Impact Hub network.

DRIVE INNOVATION ACROSS SECTORS TO FOCUS ON AND ACHIEVE SDGs

Building technology capabilities and digital transformation offer India the potential to leapfrog traditional stages of development. Agriculture, education, cleantech and healthcare are key areas in which increasing digital participation and implementing sustainable technology solutions will shrink the socioeconomic divide and put the nation on an accelerated path to achieving our sustainable development goals (SDGs).

In order for incubators and accelerators to anchor and drive this revolution, **a sector specialization in some of the key technologies is important.** This will not only drive innovation but also set startups on a natural pathway to future growth.

Call to Action

While majority of India's incubators and accelerators are sector-agnostic, the next step of the startup revolution will require that many select a theme to drive innovation. It is also important to note that the theme of choice be (i) based on trends that are long-term growth drivers (ii) grounded in the strengths of the ecosystem and (iii) providing access to resources that will enable and foster innovative growth for the startups.

Below are a few sectors we believe have tremendous potential for innovation in India.

AgriTech: The conditions are ripe for AgriTech innovations in India, with changing government regulations and increased

> In July 2020, Google pledged a $10 billion investment in India, including "leveraging technology and AI for social good, in areas like health, education and agriculture."
>
> In June 2020, Microsoft announced the launch of a program for agritech startups in India that are committed to driving transformation in agriculture. It will provide access to deep technology, business and marketing resources.

connectivity. A lot of work is being done across a wide variety of tech, like using AI, SaaS and IoT to increase yields and for pre-harvest monitoring. Startups have a crucial role to play in helping farmers harness technology, which will increase crop yield and double the income of farmers.

EdTech: Since the pandemic, India has seen a massive surge in EdTech companies with companies including Byjus, Vedantu and WhiteHatJr gaining traction in urban markets. However, two major concerns continue to be unaddressed - (i) widening the attainment gap for disadvantaged students due to a disparity in access to technology; and (ii) learning options tailored to children with special needs.

HealthTech: The pandemic has been called a structural shift for digital healthcare in many countries, including in India. Big strides are being made across various themes including operational efficiencies across the value chain using digital technologies, gene therapy, 3D printing and much more. Strong support at incubation and acceleration levels is key to unlock progress.

CleanTech: In India, the population with access to electricity grew from 43% in 2000 to 94.6% in 2018. The share of modern renewables in total final energy consumption grew from 9.6% in 2010 to 9.8% in 2018. Some innovative tech that will shape our future includes solar fuels, direct air capture, P2P energy trading and carbon recycling.

Fintech: India is expected to become the third largest domestic banking sector by 2050. This growth will mainly be driven by FinTech companies that will help capture opportunities in revolutionising traditional practices like crop insurance using IoT, alternative credit scoring models, and blockchain for social impact assessment.

It is important to collaborate and build thematic communities of practice to create shared knowledge, resources and support systems for entrepreneurs in these sectors.

> " The events in the past year have seen the fastest adoption of digital than ever before; certain digital apps and products are now at 150% demand compared to pre-Covid. Going forward, as an incubation program with a strong focus on healthtech, edtech - a key change in our strategy is to choose startups that align and leverage these changes, in order to accommodate the huge shifts in the new age. "
>
> **Dr. Priyank Narayan**
> Ashoka University

GLOBAL SPOTLIGHT

Accelerate2030 - Scaling entrepreneurial solutions for the SDGs

The global pandemic of COVID-19 shows once more that actions to improve healthcare and wellbeing, with strong focuses on access, affordability, and inclusion, require collaboration and leadership of various actors. Our Impact Hub Accelerate2030 program, a global multi-stakeholder initiative with the mission to scale entrepreneurial solutions for the SDGs, is running in more than 15 countries to date.

Program alumni include e.g. a biotechnology company focused on the development of fast and low cost diagnostic tools that adapted to COVID-19 in no time and a telediagnostic platform that automatically transfers data across medical devices, allowing doctors to provide fast, low-cost, and online diagnostics, mitigating the uneven distribution of specialist doctors across emerging markets.

IMPACT HUB

LEVERAGE CORPORATE
PARTNERSHIPS

Large and multi-national corporations play **multiple roles in supporting enterprises including customer, investor, funder and incubator.** While India's technology startup ecosystem is beginning to unlock value by collaborating with large corporations, the impact startup ecosystem is still nascent.

Due to fairly recent amendments in corporate social responsibility (CSR) laws, corporations are now allowed to provide funding to incubators/accelerators working to nurture companies with a social and environmental impact. There is a lot of scope for expansion here as only 0.34% of the total CSR corpus in the financial year 2018-19 was spent on technology, with just 65 companies benefitting from it.

The India Investment Grid (IIG) is an online portal developed by Invest India to showcase investment opportunities (Government and Private) in India to a global investor community.

The CSR projects repository on IIG is set up to expand collaboration pathways for technology incubators and corporates, to help meet the country's SDG targets.

Call to Action

The impact entrepreneurship sector has mainly seen corporate partnerships usually designed to provide funding to high-impact enterprises; These partnership programs need to be redesigned to include:

Access to supply chains

As an illustration, Genworks, a GE Healthcare company was started with a mission to establish new distribution networks in tier-2 and tier-3 Indian towns to solve some of the biggest healthcare challenges in India. They partner with startups from healthcare incubation programs to provide their products, which help make healthcare affordable.

Support pilot projects

As an illustration, Unilever Foundry's "Pitch, Pilot, Partner" model collaborates with startups across the world and has executed more than 200 pilots. They are fostering new ways to experiment and pioneer breakthrough technology and new business models that deliver impact at scale.

Tap into companies' expertise and talent to mentor startup founders

As an example, Rippleworks Foundation, based in Silicon Valley, connects top, senior expertise from companies like Google, Salesforce and Square to high-impact, high-growth social enterprises across the world. The mentors are matched to social enterprises based on project needs.

In a post-pandemic era, with a global call to reinvent capitalism to integrate impact into business models and create a new approach to growth, it is inevitable that corporations/private sector work closely with impact startups.

> **66** **Accelerator and incubator programs need to pick up focus areas like Startup Oasis has picked up crafts and sustainable fashion. The more focused it is, the better the program is. Then they can form industry specific partnerships to help startups go to market** **99**

Chintan Bakshi,
Startup Oasis

GLOBAL SPOTLIGHT

Impact Hub and IKEA Innovation Ventures - Building impact driven business innovations

Using an open innovation approach, we are focusing on clearly defining the business challenges and then consciously building an open innovation community specifically for the defined challenge. The innovators and start ups engage in the acceleration and piloting process and receive relevant capacity building and P2P support. The pilot co-creation phase is supported by customized acceleration support for startups and completes through a pitching of pilots day. These key elements ensure that the impact innovation can be a valuable collaboration partner.

PARTNER WITH GOVERNMENT
FOR SCALE AND SUPPORT

The Indian government, through various entities (in states, Department of Science & Technology (DST), Biotechnology Industry Research Assistance Council (BIRAC), Atal Innovation Mission (AIM), remains the largest funder of incubators and accelerators. Replicating PPP models like T-Hub at a cluster level across several states could be a key driver of catalytic support by the government.

Our conversations and survey show that a lot of work is needed to streamline the approach and support.

60% of our survey respondents said that the programs from institutions like the DST, AIM and CSR Rules have been **helpful** in achieving their business objectives.

34% reported that certain clauses in policies and guidelines like FCRA and state-specific rules **hold them back** from achieving their business objectives.

Call to Action

Amend key policies that affect the impact incubation ecosystem

The most notable example of policy change needed is recent amendments to the FCRA policy: These require that not-for-profits:

> Cap their overheads and administration expenses at 20% (if being funded by foreign sources)

> Do not sub-grant or re-grant the foreign donations to other partner NGOs or other entities

> Set up a bank account with a specific SBI Branch in New Delhi

T-Hub is a unique **public-private partnership** between the government of Telangana, three of India's premier academic institutes, IIIT-H, ISB and NALSAR, and key private sector leaders. Since 2015, it has provided access for more than 1,100 national and international startups to better technology, talent, mentors, customers, corporations, investors and government agencies.

These changes have in many ways stifled the growth of impact incubation and acceleration programs in India as foreign donations and programmatic funding are their main drivers of revenue. In addition, raising domestic funds via CSR is not an option for newly set-up foundations, until three years of incorporation.

Establish a one-stop platform and community

A single platform/community is needed that provides startups, incubators and accelerators, and other stakeholders access to all information on:

> All government funding and schemes available to incubators and accelerators, along with a support mechanism to answer queries and support applicants

> A diagnostic tool for startups where they can assess what kind of government funding and support is available to them, based on their location, sector and stage of operation. An example is a tool that an agri-tech company can use to understand what kind of support is available to them based on a few parameters

> New/existing programs to match startups and programs with international partners, foreign collaborations byInvest India and NITI Aayog

> Organize learning, mentoring and best practice sessions with organizations like Start-up India, Atal Innovation Mission for incubators and accelerators

❝ For many social startups, government is a significant buyer. Access to the relevant department and decision makers becomes the key. If a product is not listed in the list of approved for purchase products, the task becomes herculean-both for the presenter and well intentioned official. There are some success stories of departments in different states like the 'Maharashtra Startup Week' that have enabled the first connection thus opening the doors for this critical market access. These should be documented and learnt from, thus helping all states to open doors for new solutions, products for solving our pressing problems❞

Anshu Bhartia,
UnLtd India

GLOBAL SPOTLIGHT

i4Policy - Co-creating Africa's Innovation Policy Manifesto

In many African countries, there are significant barriers to growth for small and medium enterprises, and it gets even more difficult for innovative startups that leverage technologies outside the scope of current legislation. Leaders and managers of 45 African innovation hubs and communities from 25 African countries convened at the Impact Hub in Kigali, Rwanda, to co-design better innovation and entrepreneurship policies.

The African Innovation Hub Convention culminated in a joint policy manifesto that is targeted at Africa's policy makers at the national and regional levels. Twenty four hours after being endorsed in Kigali, a total of 90 community innovation hubs from 32 countries already support the manifesto and represent over 450,000 people in their communities, showing the power of co-creation.

EPILOGUE

With more than 520 active programs, India ranks 3rd in the world for the largest number of active incubator and accelerator programs, after China (more than 3,000) and USA (over 1,500). India ranks 48th on the Global Innovation Index (WIPO), compared to the US at 3rd and China at 14th place. Considering that the world's two highest ranking countries with active incubation and acceleration programs are significantly ahead of India with regard to innovation, it is only fair to infer a clear mismatch between the needs of entrepreneurs and an effective innovation ecosystem and the state of our current incubation and acceleration system.

The pandemic has ignited a global dialogue on reinventing capitalism and changing the way we look at business as inequality, the urban-rural divide and climate change remind us that the current growth models are unsustainable.

Businesses that will thrive in this new age will look and feel very different from those of today. While most existing businesses will have to adapt, the businesses that will lead this revolution—impact enterprises—are currently in their infancy.
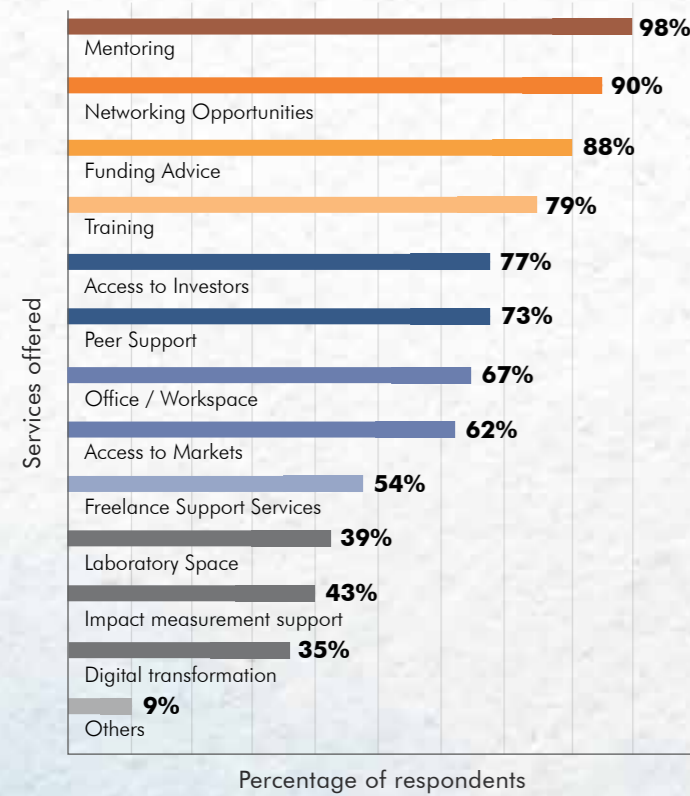
We need a robust ecosystem of incubators and accelerators to build and nurture these impact enterprises that will shape our future.
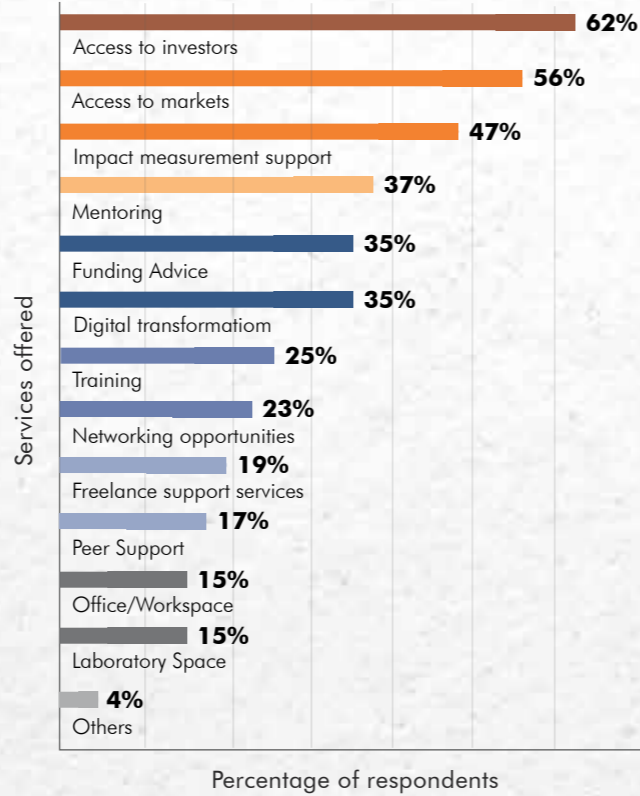
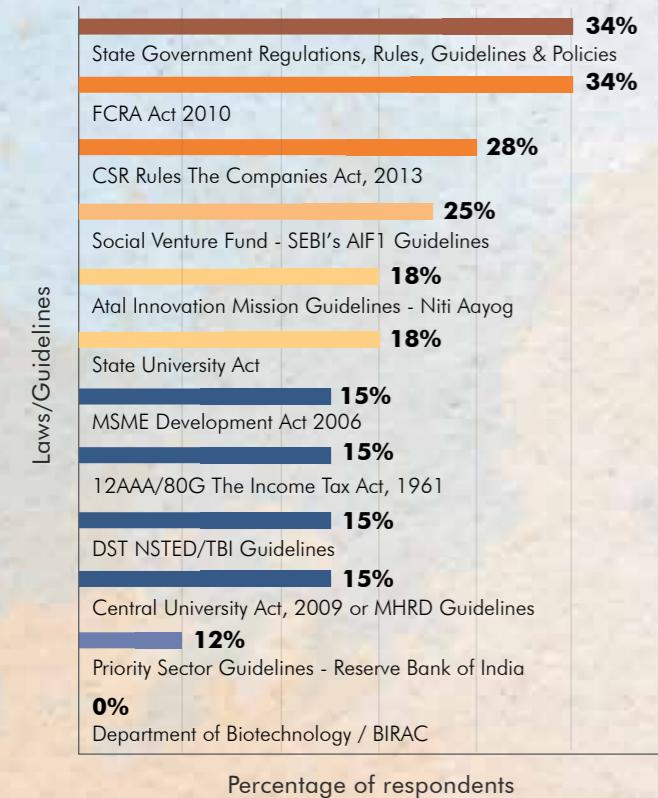# PARTICIPATING ORGANIZATIONS

SURVEY FINDINGS

Key contributors to startup growth such as training, peer support & access to markets are missing from the list Of services provided by almost half the programs. The Impact Hub-Aspire Impact offering can plug this gap successfully.
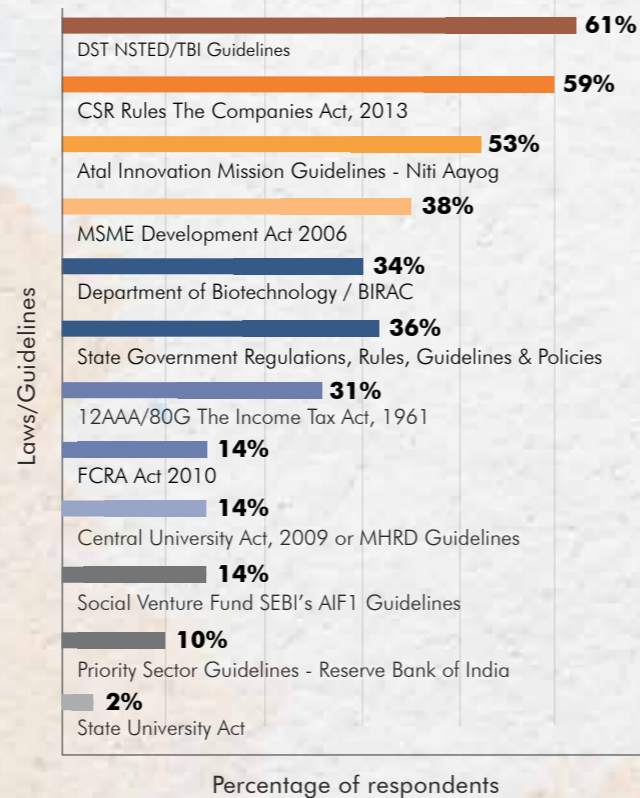
Services offered / Percentage of respondents

- Mentoring — 98%
- Networking Opportunities — 90%
- Funding Advice — 88%
- Training — 79%
- Access to Investors — 77%
- Peer Support — 73%
- Office / Workspace — 67%
- Access to Markets — 62%
- Freelance Support Services — 54%
- Laboratory Space — 39%
- Impact measurement support — 43%
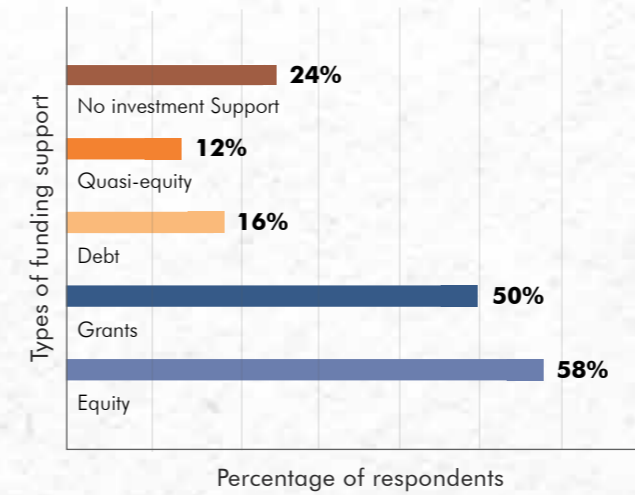- Digital transformation — 35%
- Others — 9%

A third of the respondents voted State Government Regulations as the primary obstacle to achieving their objectives, followed by CSR rules and Social Venture Fund
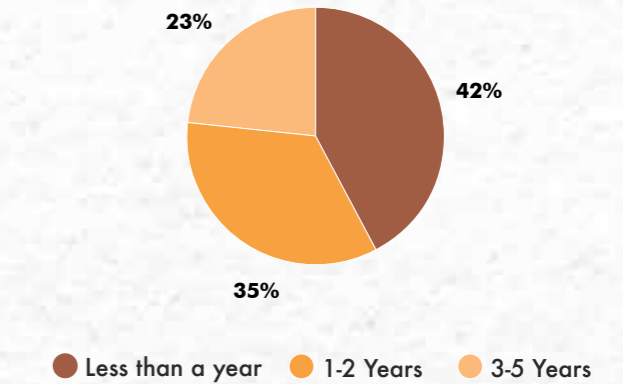
Services offered / Percentage of respondents

- Access to investors — 62%
- Access to markets — 56%
- Impact measurement support — 47%
- Mentoring — 37%
- Funding Advice — 35%
- Digital transformatiom — 35%
- Training — 25%
- Networking opportunities — 23%
- Freelance support services — 19%
- Peer Support — 17%
- Office/Workspace — 15%
- Laboratory Space — 15%
- Others — 4%

A third of the respondents voted State Government Regulations as the primary obstacle to achieving their objectives, followed by CSR rules and Social Venture Fund

Laws/Guidelines / Percentage of respondents

- State Government Regulations, Rules, Guidelines & Policies — 34%
- FCRA Act 2010 — 34%
- CSR Rules The Companies Act, 2013 — 28%
- Social Venture Fund - SEBI's AIF1 Guidelines — 25%
- Atal Innovation Mission Guidelines - Niti Aayog — 18%
- State University Act — 18%
- MSME Development Act 2006 — 15%
- 12AAA/80G The Income Tax Act, 1961 — 15%
- DST NSTED/TBI Guidelines — 15%
- Central University Act, 2009 or MHRD Guidelines — 15%
- Priority Sector Guidelines - Reserve Bank of India — 12%
- Department of Biotechnology / BIRAC — 0%

DST (Department of Science & Technology) NSTED/TBI & CSR Rules are most helpful in achieving respondent goals

Laws/Guidelines / Percentage of respondents

- DST NSTED/TBI Guidelines — 61%
- CSR Rules The Companies Act, 2013 — 59%
- Atal Innovation Mission Guidelines - Niti Aayog — 53%
- MSME Development Act 2006 — 38%
- Department of Biotechnology / BIRAC — 34%
- State Government Regulations, Rules, Guidelines & Policies — 36%
- 12AAA/80G The Income Tax Act, 1961 — 31%
- FCRA Act 2010 — 14%
- Central University Act, 2009 or MHRD Guidelines — 14%
- Social Venture Fund SEBI's AIF1 Guidelines — 14%
- Priority Sector Guidelines - Reserve Bank of India — 10%
- State University Act — 2%

Types of investment support the current programs provide to startups

Types of funding support / Percentage of respondents

- No investment Support — 24%
- Quasi-equity — 12%
- Debt — 16%
- Grants — 50%
- Equity — 58%

On average, how long does a startup take to graduate from your program

- 42% — Less than a year
- 35% — 1-2 Years
- 23% — 3-5 Years

While respondents feel that startups applying for incubation/acceleration will not decrease and talent will be freely available, they will find it difficult to survive due to fall in market demand and funding opportunities as a result of Covid-19. Increased government support might provide temporary relief.
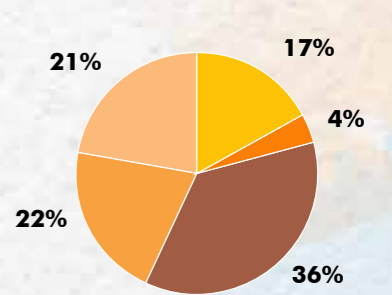
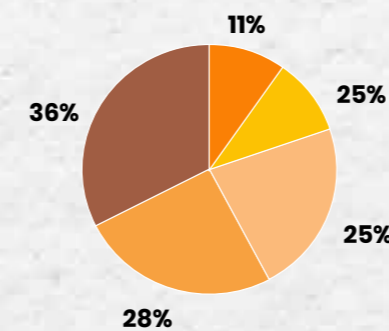**Scenario 1:** Number of startups applying for Incubation/ Acceleration will decrease

- 34%
- 26%
- 21%
- 17%
- 2%
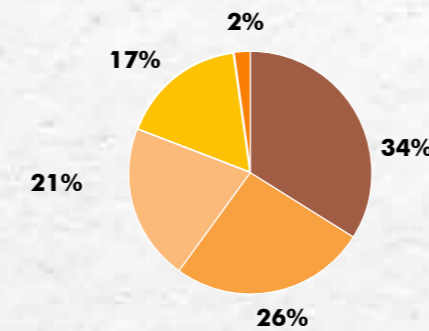
Scenario 2: Access to funds for startups will decrease

- 13%
- 30%
- 28%
- 25%
- 4%
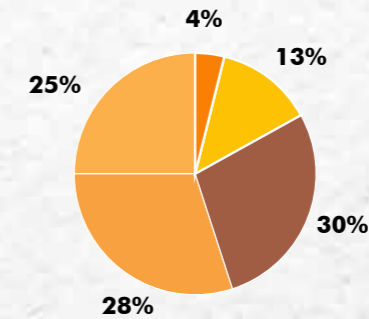
Scenario 3: Startups will find it difficult to attract talent

- 17%
- 4%
- 36%
- 22%
- 21%

Scenario 4: Startups will experience a decrease in market demand for their products/services

- 11%
- 25%
- 25%
- 28%
- 36%

Scenario 5: Government Support will increase for Incubator/Accelerator programs

- 2%
- 26%
- 25%
- 24%
- 23%

Legend:
- Highly Unlikely
- Unlikely
- Neither
- Likely
- Highly Likely
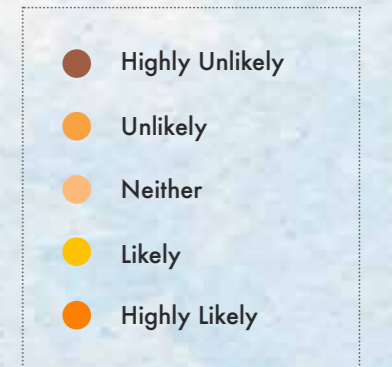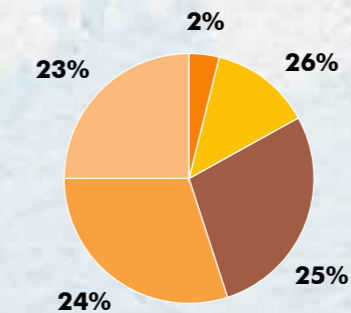
ASPIRE OFFERINGS

Aspire, founded by Amit Bhatia, focuses on impact leadership and ecosystem development through three initiatives: Aspire Education for education, Aspire Impact for ecosystems, and, Aspire Circle for social leadership. Established in 2007, Aspire is based in Gurugram, India.

ASPIRE EDUCATION

Better Learning. Better Lives.

Aspire Education is a McNulty Prize winning social enterprise focused on leadership education. Our flagship product, **LeadershipPro**™, is a values-and-ethics based leadership program for K-12 and university students. It is supported by **AssessPro**™, home to **NEST**™ and **CPT**™, our leadership assessments.

Since 2007, Aspire has transformed the lives of 65,000 learners across 18 states in India.

EDUCATION

Leadership Pro™
Summer Leadership Program

AssessPro™
Leadership Assessments
(NEST™ & CPT™)

ASPIRE IMPACT

Grow the Good

Aspire Impact is a social enterprise focused on leadership and ecosystem development in social and environmental impact.

Aspire develops Impact Science and supports scaled impact for organizations through Executive Education, Impact Assessments, StartUp Support and an Impact Future Project.

IMPACT

Corporate Impact Assessments

Executive Education & Training

Impact Future Project

Impact Startup Support

ASPIRE CIRCLE

Enlightened Social Leadership

Aspire Circle promotes enlightened social leadership.

It builds and scales three impact initiatives- Fellowships, Scholarships and Internships, to catalyze India's leadership capabilities in social impact.

Aspire Circle has 176 Fellows to date and has awarded 30 scholarships over 10 years.

FELLOWSHIPS

Aspire Circle Fellowship

SCHOLARSHIPS

Aspire Young Achievers

INTERNSHIPS

RISE Interns Program

ABOUT ASPIRE-IMPACT HUB

Impact Hub believes in a future that is sustainable, inclusive, and collaborative. Our 15+ years of experience in the impact sector have shown us that to implement transformative change in the world we need to join forces, bring different players together and spark joint action on key issues. We do it by creating collaborative entrepreneurial ecosystems that capture the strengths of businesses, institutions, policymakers, and unlikely allies to create impact.

We are always looking for meaningful collaborations, so if you are interested in partnering with us, get in touch at **partnerships@impacthub.net.**

Impact Hub Community Partnership

With our Community Partnership Model, which is part of Impact Hub's 2030 vision, we aim to expand our approach, allowing our network to support other existing ecosystems in new markets and enhancing the impact we can all build together. This way we offer - to organizations and entrepreneurs - specific benefits forged in the experience and knowledge of our network in the 5 regions of the world:

Scaling	Tool	Signpost	Event
Connect communities	**Knowledge exchange**	**Services for social entrepreneurs**	**Reach a new target group**
Existing ecosystems can connect with 17,000+ members from 60 countries through our Community App, where it is possible to host different activities and run programs virtually.	Impact Hubs' knowledge on the best approaches to support social entrepreneurs is available through asynchronous and guided learning tools and processes.	Existing offers can be complemented with our global expertise, virtual hosting and technology solutions. This allows for improvements, creation of new services to local communities and global visibility. and processes.	Much broader reach to impact focused entrepreneurs and changemakers can be achieved.

More specifically, our offer includes activities and tools that organizations can benefit from such as:

> **Knowledge and Training** (Access to the Impact Hub Library, Access to the Knowledge Management System and 60+ hours of training and Access to thematic content (e.g. circular economy).

> **Peer Learning** (Quarterly Learning Sessions and Virtual Learning Formats) and Technology Tools including a **Community App**, Impact Measurement and Program Management platform.

> **Impact Hub Passport** offers connections to worldwide entrepreneurs, investors, corporates with our professional virtual exchange through our App and the Impact Hub Passport Program, which allows them to travel to any of our 100+ locations, use the work infrastructure and connect with other entrepreneurs.

ABOUT ASPIRE IMPACT
ASSESSMENTS

LEVEL I

A: Auto-Impact Benchmarking

Aspire Impact has a pioneering proprietary tool for enterprise clients to benchmark themselves on multiple ESG axes and review its impact intent, to then be able to progress to a detailed assessment

AXES FOR BENCHMARKING

> **Environmental:** Planet

> **Social:** Product & People

> **Governance:** Policy

KEY AREAS

> Quick & easy to use Tool

> A self-assessment benchmarking tool in the Impact continuum

> Also provides a graphical view across 1multiple ESG parameters

LEVEL II

B: Basic Impact Diagnostic

Aspire Impact provides enterprise clients an opportunity to undertake a detailed diagnostic, to assess high-level impact on multiple ESG axes and then progress to a comprehensive assessment

OUTPUT: ONE REPORT

> Impact Diagnostic report highlighting key drivers and opportunities for the enterprise's impact journey.

KEY AREAS

> **Part I:** Assesses 50+ parameters across key aspects

> **Part II:** Assessment based on Interactions with leadership and key client accounts of the enterprie

LEVEL III

C: Comprehensive Impact Assessment

Aspire Impact uses its proprietary impact assessment model to create an Internal Impact Report (for ongoing impact optimization) and an External Impact Report (for stakeholder communication)

OUTPUTS: TWO REPORTS

> Internal Impact Report

> External Impact Report

KEY AREAS

> Detailed assessment covering over 350+ parameters across Product/Service, People, Planet and Policy/ Governance aspects

To learn about or to commission an Impact Assessment, whether you are a Corporation, Investor, Social Enterprise or Non-Profit, please write to contactus@aspireindia.org

ACKNOWLEDGMENTS

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